



## **Fact Sheet: Re-opening Government, Paying Our Bills, and Negotiating a Foundation for Growth**

*Since Senate Democrats passed a budget in March, we have been ready and willing to negotiate a smart, balanced way to further cut the deficit and lay a foundation for economic growth. The bipartisan agreement to re-open the government and pay our bills will put an end to the reckless, irresponsible Tea Party shutdown and prevent a default that would have been more damaging than the 2008 financial crisis. With those threats off the table, we can sit down and work together to find common ground on ways to address America's fiscal challenges and strengthen our economy.*

### **The Bipartisan Deal Will Re-open Government**

**The Tea Party shutdown has been hurting our economy and middle-class families.** According to independent economists, the government shutdown has been costing our economy \$160 million each day in lost economic output, and consumer confidence has dropped to lows not seen since the end of 2011. Critical investments in middle-class families, like small business loans, lifesaving medical research, consumer product safety inspections, and processing of Social Security services and veterans benefits claims have all been delayed or disrupted. [Bloomberg, [10/8/13](#); [DPCC](#)]

**The bipartisan deal would re-open government at current funding levels.** The bipartisan deal would fund government through January 15, 2014, at the current annualized rate of \$986 billion. This is the same level as the continuing resolution Senate Democrats passed in an effort to avert the shutdown. The funding level in the bipartisan bill reflects a compromise by Senate Democrats that set spending levels \$72 billion below Senate levels.

### **The Bipartisan Deal Will Allow Us to Pay Our Bills**

**The consequences of a default would be catastrophic.** A default could trigger an economic collapse worse than the 2008 financial crisis. Goldman Sachs projected that, "fiscal pullback would amount to as much as 4.2% of GDP (annualized). The effect on quarterly growth rates could be even greater." In addition to causing another recession, a default would devastate middle-class retirement savings by dealing a blow to the stock market, increase costs for credit card purchases, student loans, and mortgages by increasing interest rates, and make consumer goods more expensive by weakening the dollar. [Goldman Sachs, 10/5/13; Bloomberg, [10/6/13](#); [DPCC](#)]

**The bipartisan deal will allow us to pay our bills and avoid a default.** The bipartisan agreement protects the full faith and credit of the United States by providing for the suspension of the debt limit through February 7, 2014, subject to a congressional disapproval process similar to the one agreed to as part of the Budget Control Act.

- The debt limit would be suspended if the President certifies that the Treasury otherwise would be unable to issue debt to meet existing commitments of the Federal Government.
- A presidential certification would trigger expedited procedures for congressional consideration of a joint resolution of disapproval to terminate the suspension of the debt limit. Should the joint resolution be approved by both houses of Congress, it would be subject to a presidential veto, in which case the joint resolution would take effect only if the veto were overridden by both houses of Congress.
- This general approach has been supported by the editorial boards of the New York Times and Wall Street Journal, as well as leading business groups. [United States Treasury, [12/5/12](#); Washington Post, [12/6/13](#); Bloomberg, [11/16/12](#)]

### **Opening Negotiations on a Foundation for Growth**

**Senate Democrats passed a budget to lay a foundation for growth.** In March, Senate Democrats passed a budget that would build on the more than \$2.5 trillion in deficit reduction we have already achieved in a smart, balanced way that also invests in economic growth and job creation. It would also replace the job-killing, across-the-board cuts to middle-class services with an equal mix of responsible spending cuts and revenues from closing loopholes for the wealthiest Americans and big corporations. [[Senate Budget Committee](#), Senate Vote 92, [3/23/13](#)]

**Senate Democrats have tried to go to a budget conference to negotiate over 20 times.** In the more than 200 days since the Senate passed its budget, Senate Democrats have attempted to go to a budget conference with the House to negotiate ways to address our fiscal challenges. Republicans have blocked those attempts over 20 times. [DPCC, [10/10/13](#)]

**Establishing a forum for negotiations.** In addition to the agreement, a formal budget conference will be established to negotiate long-term solutions to our nation's fiscal challenges, including spending levels for FY14 and ways to responsibly address across-the-board cuts. The conference would be required to issue a report by December 13, 2013. The across-the-board cuts have already had serious consequences for our economy and middle-class, including:

- According to the director of the nonpartisan Congressional Budget Office, sequestration has been projected to cause 750,000 job losses by the end of this year and shrink the economy by 0.6%. Undoing these cuts could create up to one million jobs and boost economic growth by up to 0.8%. [The Hill, [2/13/13](#); Testimony of Director Elmendorf, [9/26/13](#)]
- 57,000 kids were cut from Head Start programs. Sequester cuts resulted in 1.3 million days lost from Head Start calendars and laying off or reducing pay for more than 18,000 employees. [[HHS](#)]
- Sequestration has required NIH to cut an additional 5% or \$1.55 billion of its FY2013 budget. Compared with 2012, approximately 700 fewer competitive research project grants will be awarded, approximately 750 patients scheduled to be admitted to the NIH Clinical Center in FY13 will not be able to go to the "House of Hope", and sequestration cuts in the NIH grant program are predicted to lead to the direct loss of 25,000 high paying jobs. [NIH]

## **The Bipartisan Deal Enhances the Affordable Care Act**

**The Affordable Care Act helps Americans purchase affordable coverage.** Under the Affordable Care Act, next year seven million individuals will purchase affordable health coverage on the new marketplaces, with the vast majority of them receiving subsidies to help offset the costs. The subsidies will go to people making less than 400% of the federal poverty level, or about \$45,000 for an individual this year. [CBO, [5/13](#); HHS, [9/13](#)]

- **There is a system in place to verify the incomes of people applying for help.** Under the law, consumers' self-stated income (provided under penalty of perjury) is checked against figures from the IRS, the Social Security Administration, and if necessary, employer-based data and other information to determine the amount of premium tax credits and cost-sharing assistance. The IRS also conducts a second verification process that reconciles tax credit payments with income tax filings to ensure that any overpayments are recouped. [HHS, [8/5/13](#)]
- **The bipartisan deal strengthens the existing process.** Under the agreement, the Secretary of Health and Human Services (HHS) would be required to certify that the process for determining the amount of premium tax credits and cost-sharing assistance complies with the law's income verification requirements. After six months, the HHS Inspector General will issue a report regarding the law's safeguards to prevent fraud.